

Resource Summary

This chapter illustrates 2015-2016 Budget resource estimates primarily through the use of graphic presentations. Text describing the graphic presentations is included to highlight some of the key information presented.

This Resource Summary is organized into the following sections:

A. Total City Budget Resources

Figure 7a-1 presents the 2015-2016 resource Preliminary Budget for all City funds and contains a comparison to Adopted 2013-2014 resources. All comparisons in this section compare the 2015-2016 Preliminary Budget to the Adopted 2013-2014 Budget.

Figure 7a-2 includes specific information on each of the taxes levied to support City services. Included for each tax are the maximum allowable rate, the current City rate, the 2015 and 2016 budgets, and supplemental information.

Figure 7a-3a and 7a-3b are not included in Preliminary Budget document. These comparison charts are being created as data becomes available and will be provided to Council prior to adoption.

Figure 7a-4 displays historical property tax information for comparison purposes. Official property tax records are maintained by the King County Assessor's Office.

Figure 7a-5 displays a typical distribution of property tax dollars for Bellevue taxpayers, as well as an estimate of property tax bills for Bellevue home owners.

NOTE: This section compares the preliminary 2015-2016 Budget to the Amended 2013-2014 Budget. This section differs from the Forecast section (earlier in this chapter) in that the Forecast compares to actual 2013 and estimated 2014 year end.

A. Total City Budget Resources

Figure 7a-1 presents the 2015-2016 resource Preliminary Budget for all City funds and contains a comparison to Amended 2013-2014 resources. All comparisons in this section compare the 2014-2015 Preliminary Budget to the Amended 2013-2014 Budget.

The City has many revenue sources across all of its funds, from general government to enterprise funds. Generally revenue remains fairly consistent with the largest fluctuation happening in the most economically driven revenue streams of Sales and Use Tax and Business and Occupation tax.

Many of the resources received are dedicated to a specific purpose and cannot be spent on non-related services or programs. For example, rate revenues received from water service can only be used for that purpose and cannot be used to pay for general services or other types of utility services.

Similarly, funding received from Development Services permits can only be used for services related to delivering permits. Property tax revenue received from the voter-approved Parks Levy can only be used for projects described in the ballot measure. As noted in the chart on the next page, taxes make up 25.6 percent of the total preliminary 2015-2016 biennial budget. The remaining 74.4 percent is a collection of beginning fund balance, utility rates, and other sources.

Sales tax is the most volatile revenue stream for the City and comprises 8 percent of total resources. In prosperous economic times Sales tax will grow quite strong; in 2007 sales tax grew 16.6 percent with construction often leading the way. In poor economic times sales tax may drop precipitously, 15.2 percent in 2009 also facilitated by construction sales tax. On average over the last 20 years sales tax has averaged 3.8 percent including both the booms and the busts. Sales tax has been on the rise the last few years but not at the growth seen in previous years leading up to the great recession.

Property Tax makes up 5.6 percent of the City's total resources which can be seen in figure 7a-1. This budget includes a 5 percent increase in Property Tax using the City's banked capacity. The increase taxes will generate \$1.7 million annually. The proposed Property Tax increase has an impact of one-tenth of a percent of the total City resources. The tax increase is currently estimated to have a \$0.05 per \$1,000 of assessed value. As an example, a home with an assessed value of \$500,000 would have an increase of \$25 for 2015 on their property tax bill. The final rate change may differ than our current estimate when final assessed value numbers are provided by the King County Assessor. The increase in Property Tax will supplement existing sales tax revenue. The increase will allow us to redirect sales tax to address infrastructure and neighborhood needs.

Business & Occupation Tax is 4.2 percent of the City's resources and performs similar to sales tax but the tax base is somewhat more expansive giving it slightly more stability than sales tax. Unlike sales tax B&O tax is based on gross receipts not retail sales or square footage for those

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companies that don't necessarily have gross receipts such as management activities of a head-quarters.

Utility Taxes include electric, gas, water, sewer, storm drainage, garbage, and telephone utility activity. City-run utilities such as water, sewer and storm drainage, have grown consistently from year to year and were only minimally affected by the recession. Electric and Gas, have had little or no growth during the recession. The flat electric and gas tax collections could be due to more energy efficient appliances, as well as more energy efficient building design. Telephone and cell phone services have been going through systemic changes that have resulted in flat collections and possibly declining collections in the future. More and more people are discontinuing land line telephones services and cell phones bills are being restructured to reduce the taxable amount on the bill resulting in reduced utility tax collections.

Other taxes include hotel/motel, Real Estate Excise (REET), Criminal Justice Sales, Admissions, Gambling, and Leasehold Excise Taxes, as well as tax penalties. With the exception of REET, other taxes do not make up a large part of the City's revenue and are not projected to grow at a rate close to inflation. The City has an abundance of large buildings in the downtown area, as well as in Eastgate. When these buildings sell, they contribute significant dollars to the City.

Utility Service Fees are the second largest category of resources making up 18.2 percent of total City resources. Utility Service Fees can only be used to support the specific utility for it was collected. As an example water service fees cannot be used to support sewer operations. This revenue category is made up of water, sewer, and storm and surface water service fees. These revenues are projected to grow by \$30.3 million over the Adopted 2013-2014 biennium, primarily attributable to water, sewer, and storm drainage rate increases and pass-through rate increases in Metro Sewer and Cascade Water Alliance pass-through costs.

Beginning Fund Balance (BFB) is the third largest category of resources at \$249 million or 16.9 percent of total City resources. Utilities Department Funds makes up \$161 million, or 64 percent of this total. The General Fund's 2015-2016 fund balance is \$23 million or 9.3 percent of total Beginning Fund Balance. Similar to other resources, fund balance often is restricted to fund only certain types of expense. As an example, the Sewer Utility fund balance can only be used to fund expenses that support the Sewer Utility. Conversely, the General Fund balance can be used for any purpose that supports the City's general operations.

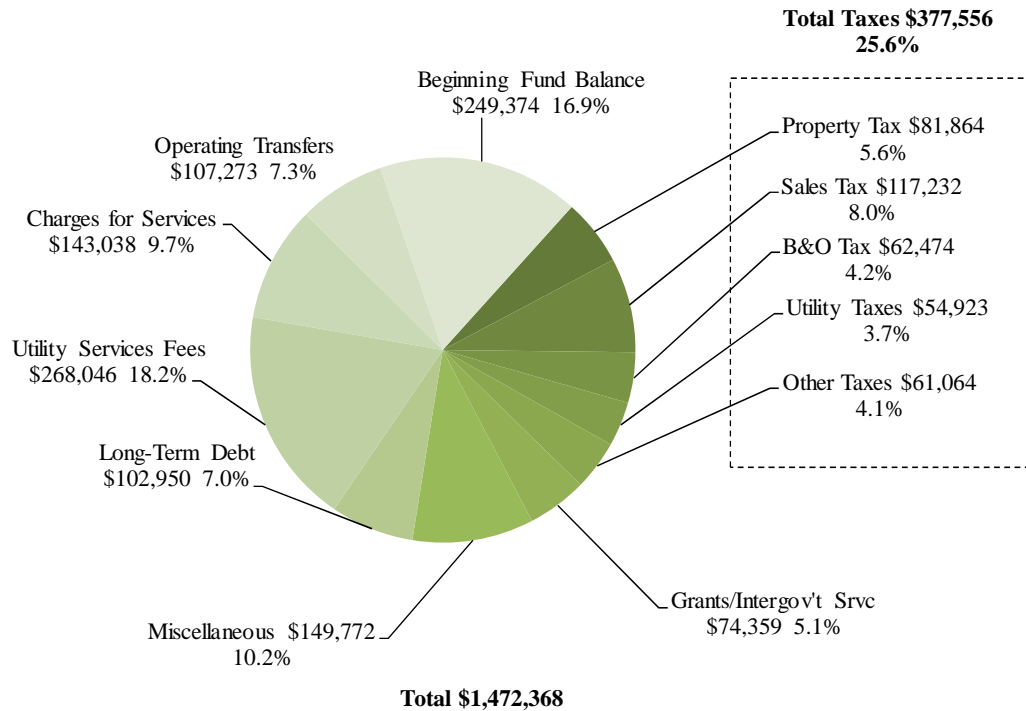
Operating Transfers, 7.3 percent of total resources, are anticipated to decrease \$17.6 million or 14 percent from 2013-2014 to 2015-2016, primarily due to a \$15 million interfund loan from the Utility's Capital fund to the General Capital fund for cash flow needs. When ever interfund loans are done these loans must be repaid in full with interest. Operating Transfers are a transfer between funds. An example of an operating transfer would be a transfer from an operating fund to a capital fund to support future or present capital projects. Another example is a transfer from a capital fund to an operating fund when an operating fund FTE works on a Capital Project.

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Figure 7a-1

2015-2016 Total City Budget Resources

\$000



Comparison to 2013-2014 Budget

	2013-2014 Amended Budget	2015-2016 Prelim Budget	\$ Change	% Change
Taxes				
Sales Tax	\$101,771	\$117,232	\$15,461	15.2%
Property Tax	77,152	81,864	4,712	6.1%
Business & Occupation Tax	56,766	62,474	5,707	10.1%
Utility Taxes	53,961	54,923	962	1.8%
Other Taxes	54,037	61,064	7,027	13.0%
Total Taxes	\$343,687	\$377,556	\$33,869	9.9%
Beginning Fund Balance	\$219,041	\$249,374	\$30,333	13.8%
Utility Services Fees	237,773	268,046	30,273	12.7%
Miscellaneous	103,880	149,772	45,892	44.2%
Short-Term Debt	28,415	0	(28,415)	(100.0%)
Long-Term Debt	82,272	102,950	20,678	25.1%
Charges for Services	124,571	143,038	18,467	14.8%
Operating Transfers	124,881	107,273	(17,608)	(14.1%)
Grants/Intergovernmental Services	81,271	74,359	(6,912)	(8.5%)
Total Resources	\$1,345,791	\$1,472,368	\$126,577	9.4%

Note: Columns/graph may not foot due to rounding

Figure 7a-2 Summary of Locally Levied Taxes

Bellevue has a diverse mix of revenues that expand and retract based on various drivers. Through a diverse revenue base, and conservative financial management, Bellevue has been able to weather through the most recent recession successfully.

This figure includes specific information on each of the taxes levied to support City services. Included for each tax are the maximum allowable rate, the current City rate, the 2015 and 2016 budgets, and supplemental information.

1. Sales Tax

Sales tax is imposed on the sale of most goods and some services. This tax is remitted to the State by businesses and in turn, the State provides the City with a portion of this revenue on a monthly basis. The total sales tax rate is 9.5 percent in Bellevue and the City receives 0.85 percent of this rate.

Growth in sales tax revenue is driven by growth in sales at retail outlets, direct expenditures by households and businesses, and development activity. Sales tax revenue support activities of the General Fund, General CIP Fund and Housing Fund. The current method for splitting the sales tax between the General Fund and the General CIP fund is for the General Fund to equal 75 percent plus incremental increases in operations and maintenance. This method is going to be modified to provide funding for a new \$25 million CIP debt funding. The current policy for the General Fund and The CIP Fund is:

“Proposals for CIP project funding shall include the estimated future M&O cost, to provide full cost disclosure. Such M&O costs anticipated to be incurred in the upcoming biennium should be included in operating budget proposals for funding consideration. As of 2011, funding for existing CIP M&O is provided by a distribution of the City’s Sales Tax revenue, split between 75 percent General Fund and 25 percent CIP. The dollar amount for CIP M&O is adjusted upward each year by the anticipated Consumer Price Index for all Urban Consumers (CPI-U) after first making any necessary adjustments (e.g., partial vs full-year costs) and eliminating any one-time items. The distribution amounts should be reviewed periodically by Council for reasonableness and potential adjustment.” (Source: Financial Policy)

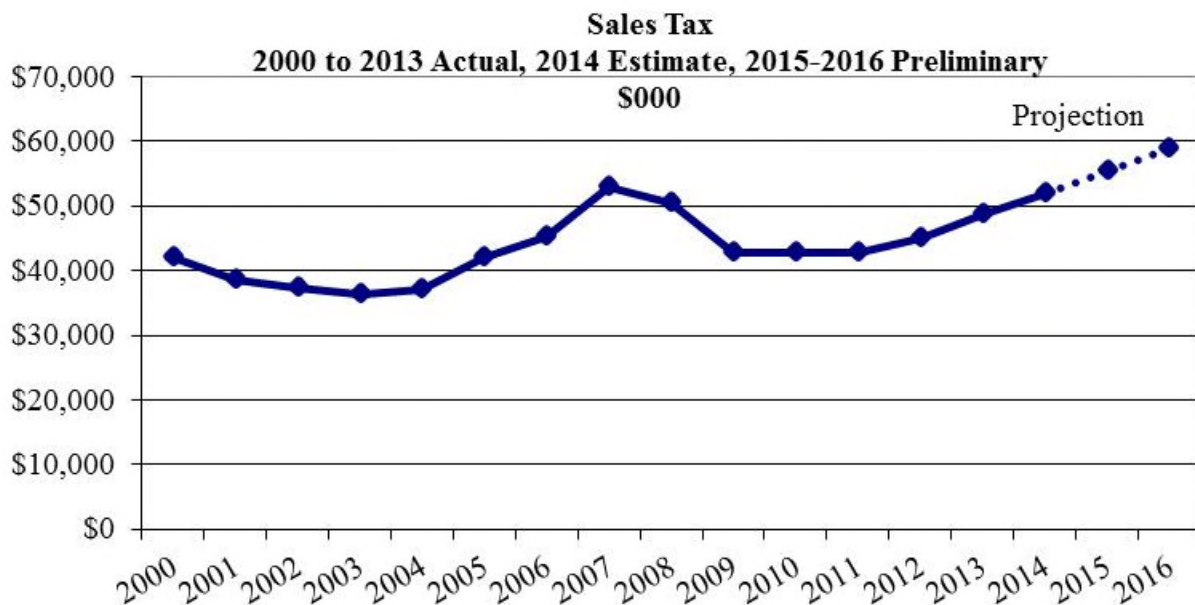
The Proposed change to the calculation is:

General Fund Sales Tax Calculation	General CIP Sales Tax Calculation
Gross Sales Tax X 75%	Gross Sales Tax X 25%
Plus CPI on M&O	Less CPI on M&O
Less New \$25 million Bond Debt Service	Plus New \$25 million Bond Debt Service
= General Fund Portion of Sales Tax	= General CIP Portion of Sales Tax

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Historical Collections & Trends

Sales Tax collections grew significantly from 2003 to 2007, primarily due to increases in development activity and consumer spending (retail and services sectors growth). Sales tax collections for 2008 and 2009 reflect the decline in development and taxable retail activity experienced during the recession. Projections for the 2015-2016 biennium reflect the slow recovery in tax collections as the economy recovers from The Great Recession.



Maximum Rate: 1.0 percent*

Current Rate: 1.0 percent*

2015 Estimate:

General Fund	\$39,886,342
General CIP Fund	15,344,639
Annexation Area Sales Tax Credit	1,000,000
Interest and Debt Redemption Fund**	450,000
Housing Fund	100,000

Total 2015 Sales Tax \$56,780,981

2016 Estimate:

General Fund	\$42,598,255
General CIP Fund	16,252,609
Annexation Area Sales Tax Credit	1,000,000
Interest and Debt Redemption Fund**	500,000
Housing Fund	100,000

Total 2016 Sales Tax \$60,450,864

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- * 15 percent of the sales tax revenue produced by the City's 1 percent is allocated to the County. In addition to the City's remaining 0.85 percent, the City receives funds from the State to offset losses due to recent annexations as well as a Local Revitalization Financing (LRF) program.
- ** These Funds are part of the LRF program and are allocated to Revitalization Area 1 projects.

Each 0.1 percent of the sales tax rate generates \$5.5 million in 2013 and \$5.9 million in 2014 of sales tax revenue.

Comments/Watch Areas

Overall Sales Tax has been on a slow and steady recovery and the City is expecting this slow recovery to continue. While it appears that most sales tax categories appear to finally recovered in large, one area that will always be a concern is development or construction, which has historically been a large component of the City's Sales Tax collections. Since it is such a large component of sales tax it leaves it at risk due to how much development is influenced by economic conditions. As has happened in the past when a recession hits, construction will drop dramatically and has dropped as much as 33 percent from its peak. The City continues to monitor development.

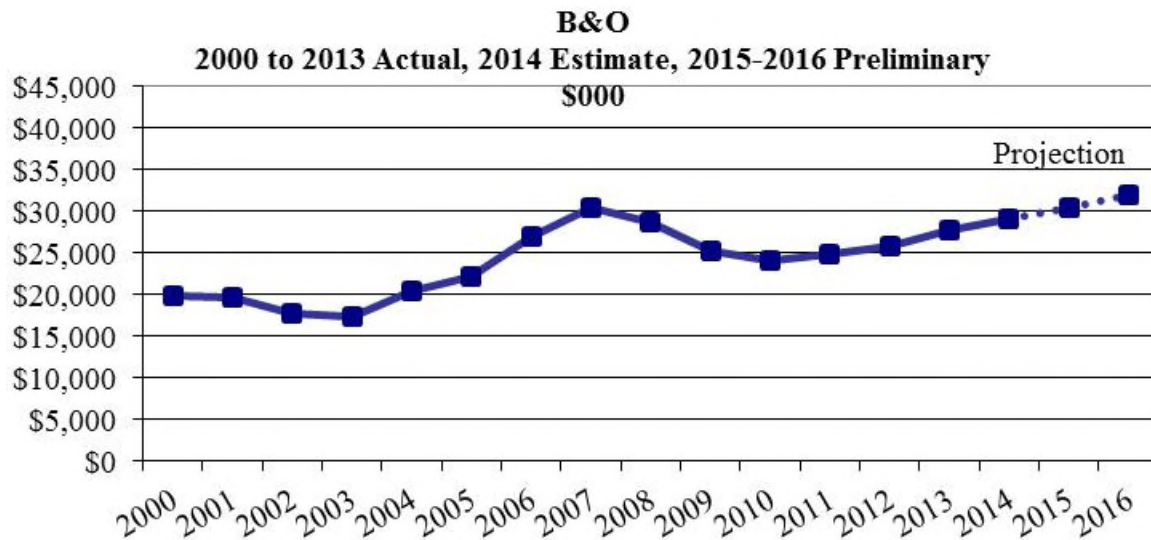
2. Business & Occupation (B&O) Tax

Business and Occupation (B&O) Tax is made up of two components: gross receipts tax and square footage tax. The gross receipts B&O Tax is primarily measured on gross proceeds of sales or gross income. The square footage B&O Tax applies to businesses whose in-city activities produce gross revenue indirectly, such as at a headquarter locations. In some cases, businesses are excluded from paying this tax (e.g. taxable gross receipts for a business less than \$155,000 or offices with less than 250 taxable square feet). The City levies the same rate for all types of business activities. The gross receipt B&O Tax rate is 0.1496 percent of receipts/income and the quarterly square footage rate is \$0.238875 per square foot. B&O revenues support General Fund and the Capital Investment Program (CIP) Fund activities.

Historical Collections & Trends

Following a similar pattern to Sales Tax, B&O Tax collections grew considerably from 2003-2007, reflecting a strong economy. The recession slowed collections in 2008 and 2009. B&O collections hit bottom in 2010 and since has grown at a slow and steady pace. The City anticipates this slow and steady pace to continue through 2014.

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Maximum Rate: 0.2 percent

Current Rate: 0.1496 percent

2015 Estimate:

General Fund (0.11 percent)	\$22,459,106
General CIP Fund	6,125,211
Mobility CIP Fund	<u>1,959,964</u>

Total 2013 Business & Occupation Tax \$30,544,281

2016 Estimate:

General Fund (0.11 percent)	\$23,477,498
General CIP Fund	6,402,954
Mobility CIP Fund	<u>2,048,841</u>

Total 2014 Business & Occupation Tax \$31,929,293

A majority of voters may approve a rate in excess of 0.2 percent. Each 0.01 percent of the business and occupation tax rate is expected to generate \$2.0 million in 2015 and \$2.1 million in 2016 of B&O tax revenue. Note: The City Council reserved from its levied capacity a rate of 0.0001 for convention center purposes per Ord. 4094.

Comments/Watch Areas

As with Sales Tax, B&O Tax also is highly sensitive to economic conditions. B&O Tax however is slightly less volatile due the tax base being more diverse in nature. The source of the tax base that provides a greater diversity is the non-retail sectors such as professional services that are not subject to sales tax. These professional services are not as sensitive to the day to day economic conditions but will suffer in an extended economic downturn.

3. Property Tax

Property tax is applied to the assessed value (AV) of all taxable real and personal property located within the City, with several exceptions such as public structures (government buildings, roads, etc.), property owned by several types of non-profit organizations, personal property (up to a specified dollar value), and others.

Real property includes land, buildings, and improvements to the land such as driveways. Personal property includes movable assets used in conducting a business such as machinery, supplies, and other non-inventory items. The King County Department of Assessments determines the assessment of real and personal properties and collects this revenue for the City. Official property tax records are maintained by the King County Assessor's Office.

Property tax revenues support General Fund activities as well as the Human Services Fund, which accounts for human services activities, including agency contracts.

The Preliminary Budget proposes a 5 percent property tax increase using banked capacity. The impact of 5 percent on a \$500,000 home is \$25 annually or a \$1,000,000 home \$50 annually.

As a comparison:

	2015 Proposed 5% Banked Capacity Increase			2015 w/o a 5% increase and assumes no 1% increase			
	Total	Rate*	Amount per \$500k home	Total	Rate*	Amount per \$500k home	Change Due to Increase
Regular Tax	\$36,677,903	\$0.99	\$495	\$35,126,256	\$0.86	\$470	\$25
Parks Levy	4,049,000	0.11	55	4,049,000	0.10	55	0
Total Estimated	\$40,726,903	\$1.10	\$550	\$39,175,256	\$0.96	\$525	\$25

*The final Rate may change when final assessed value numbers are provided by the King County Assessor's Office.

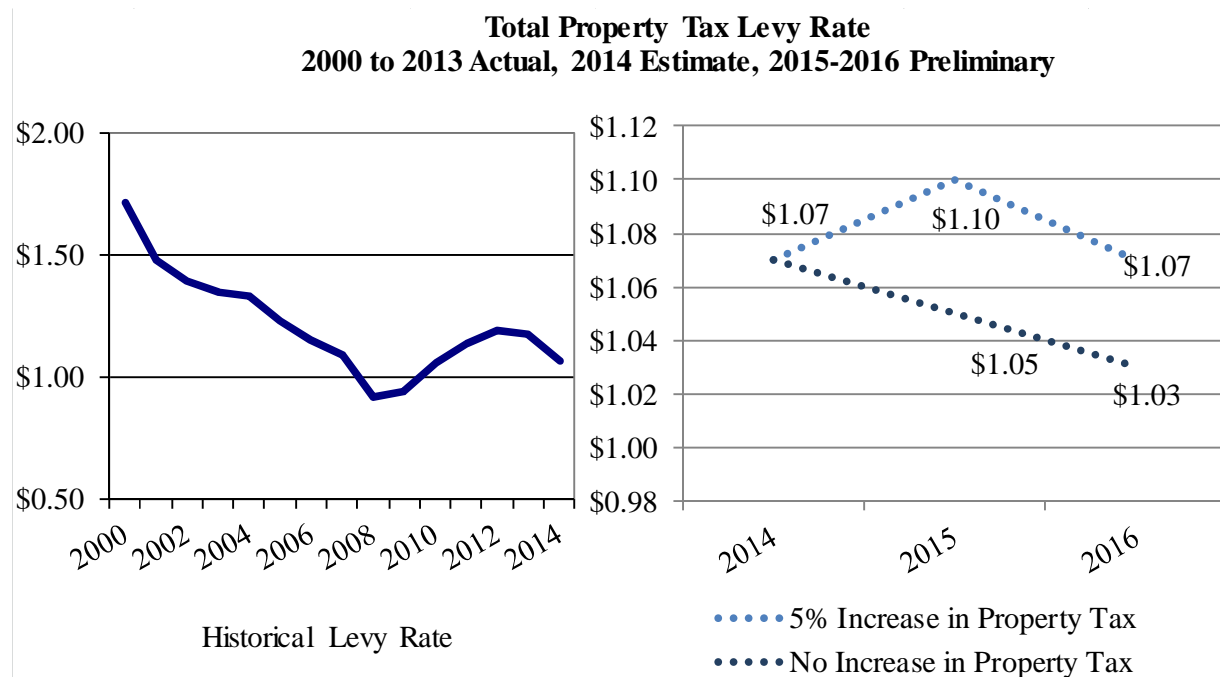
Historical Collections & Trends

Under Initiative 747, the regular levy can grow at a maximum of 1 percent annually or the rate of "inflation" (defined as the increase in the implicit price deflator (IPD), whichever is less, plus additions for new construction, changes in value of state-assessed utility property and newly annexed property (referred to as "add-ons"). For 10 of the past 13 years, Bellevue has opted to only levy the additional property tax associated with add-ons, but has preserved, or "banked," its remaining allowable levy capacity (maximum allowable levy less actual levy). In 2014, Bellevue has \$9.4 million in banked capacity available.

The Bellevue City Council last approved the use of 3 percent of banked capacity to support the ongoing maintenance and operating costs of City infrastructure in 2009. The Forecast reflects the use of 5 percent of the City's banked capacity.

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As displayed in the following chart, Bellevue's property tax levy rate decreased from \$1.71 in 2000 and to \$1.07 in 2014 per \$1,000 AV. This reduction is a result of the City not increasing its' property tax levy, coupled with an increases in the City's AV which drives the overall rate down. Bellevue's property tax levy rate has fluctuated based on changes in AV, the use of banked capacity and voted levies. If the City opts not to increase Property Taxes by the proposed 5 percent, the rate will continue to fall to \$1.05 in 2015 and then dropping again in 2016 to \$1.03 per \$1,000 AV. With the 5 percent increase in the Property Tax levy, the rate instead rise by \$0.03 from the prior year's \$1.07 to \$1.10 \$1,000 AV and fall back to \$1.07 in 2016 per \$1,000 AV. As mentioned previously, the actual rate may change depending on final AV numbers.



Maximum Rate: \$3.38/\$1,000 AV

2015 Estimated Total Levy Rate: \$1.10/\$1,000 AV

2015 Estimated Levy:	
General Fund*	\$34,209,046
Human Services Fund	3,054,857
Parks M&O Fund	74,000
General CIP Fund	<u>3,389,000</u>

Total Estimated 2015 Regular Property Tax Levy \$40,726,903

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2016 Estimated Total Levy Rate:	\$1.07/\$1,000 AV
2016 Estimated Levy:	
General Fund	\$34,404,206
Human Services Fund	3,155,667
Parks M&O Fund	188,000
General CIP Fund	<u>3,389,000</u>
Total 2016 Estimated Regular Property Tax Levy	\$41,136,873

Current law limits the Property Tax increase from the prior highest allowable Regular Levy to the lesser of 101 percent or 100 percent plus inflation, where inflation is measured by the percentage change in the Implicit Price Deflator (IPD) (whichever is less); for 2014 the IPD limit factor was 1.0131 percent. It is often the case that the IPD is higher than the limit factor making the default allowable increase 101% of the prior years levy plus new construction.

The 2014 Regular Levy AV is at \$36 billion which is an increase of \$2.6 billion (7.6 percent) from the 2013 AV. The 2015 Regular Levy AV is estimated to be \$37 billion, an increase of \$1.3 billion or 3.7 percent. Based on the estimated 2015 AV of \$37.4 billion and the 2016 AV of \$38.6 billion, each additional \$0.01 per \$1,000 assessed value (AV) of the Regular Property Tax Levy rate generates \$374,000 in 2015 and \$386,000 in 2016 in Property Tax revenue. It should be noted that due to the very high increase in AV the Levy Rate remains hovering between \$1.00 and 1.10/\$1,000 during the biennium despite the addition of 5 percent of banked capacity.

A parks and open space Levy Lid Lift was authorized by the voters in the November 2008 election to provide capital funding over the next 20 years (\$3,389,000 annually) and ongoing maintenance and operations funding (\$660,000 annually). This Levy Lid Lift increased the 2015 Property Tax levy rate by \$0.10 per \$1,000 of assessed value.

4. Real Estate Excise Tax (REET)

The Real Estate Excise Tax (REET) is levied on all sales of real estate. The rate is 0.5 percent of the selling price of the property. The first 0.25 percent of local REET must be used to fund capital facilities expenditures that have been identified in the City's comprehensive plan. The second 0.25 percent of local REET revenues must also be used to fund capital facilities, with the added stipulation that they cannot be used for the acquisition of land for parks. REET revenues are cyclical in nature and are projected to grow over the next biennium as the economy recovers from the latest recession. The City Council has adopted an ordinance allocating the first 0.25 percent to Parks Capital Projects and the second 0.25 percent to Transportation Capital Projects.

Historical Collections & Trends

Real Estate Excise Tax collections increased an annual average of 21 percent per year between 2001 and 2006. Collections increased 94.3 percent in 2007, fueled by the sale of the portfolio of a major landholder in Bellevue.

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The 2013 REET collections came in strong with several large real estate transactions taking place, remaining at an elevated level, with a few transactions in the \$200 million range. Similarly 2014 is proving to be on at the same level as 2013. These large transactions are anticipated to decrease in the coming years as the market becomes more conducive to building rather than buying.



Maximum Rate:	0.5 percent
Current Rate:	0.5 percent
2015 Estimate:	\$13,785,898
2016 Estimate:	\$14,010,896

Revenue proceeds are receipted to the General Capital Investment Program Fund to support capital projects.

Watch Areas

REET has been strong for the last few years as real estate companies rebalance their portfolios taking advantage of low interest rates and the prospect of continued recovery in the market and a rebound in demand for housing.

5. Utility Tax

Bellevue levies a tax on the gross income derived from sales of utility services provided in the City. Services include electricity, gas, water, sewer, storm drainage, garbage, telephone, and cellular phone. The revenues generated by these taxes support general city operations.

Electric Utility Tax

Maximum Rate:	6.0 percent
Current Rate:	5.0 percent
2015 Estimate:	\$8,016,275
2016 Estimate:	\$8,111,604

A majority of the voters may approve a rate in excess of 6 percent. Each 0.1 percent of the electric utility tax rate generates roughly \$160,000 in 2015 and \$162,000 in 2016 of Electric Utility Tax revenue.

Gas Utility Tax

Maximum Rate:	6.0 percent
Current Rate:	5.0 percent
2015 Estimate:	\$2,615,740
2016 Estimate:	\$2,568,085

Each 0.1 percent of the Gas Utility Tax rate generates approximately \$52,000 in 2015 and \$51,000 in 2016 of Gas Utility Tax revenue.

Water Utility Tax

Maximum Rate:	None
Current Rate:	10.4 percent
2015 Estimate:	\$5,293,877
2016 Estimate:	\$5,550,066

Each 0.1 percent of the Water Utility tax rate generates approximately \$51,000 in 2015 and \$53,000 in 2016 of Water Utility tax revenue.

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Sewer Utility Tax

Maximum Rate:	None
Current Rate:	5.0 percent
2015 Estimate:	\$2,469,375
2016 Estimate:	\$2,534,961

Each 0.1 percent of the Sewer Utility tax rate generates approximately \$47,000 in 2015 and \$48,000 in 2016 of Sewer Utility tax revenue.

Storm Drainage Utility Tax

Maximum Rate:	None
Current Rate:	5.0 percent
2015 Estimate:	\$1,061,342
2016 Estimate:	\$1,096,357

Each 0.1 percent of the Storm Drainage Utility Tax rate generates approximately \$21,000 in 2015 and \$21,000 in 2016 of Storm Drainage Utility Tax revenue.

Garbage Tax

Maximum Rate:	None
Current Rate:	4.5 percent
2015 Estimate:	\$947,265
2016 Estimate:	\$959,613

Each 0.1 percent of the Garbage Tax rate generates approximately \$20,000 in 2015 and \$20,000 in 2016 of Garbage Tax revenue.

Telephone Utility Tax

Maximum Rate:	6.0 percent
Current Rate:	6.0 percent
2015 Estimate:	
Telephone Utilities	\$2,840,493
Cellular Telephone Utilities	<u>4,017,091</u>

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Total 2015 Telephone Utility Tax	\$6,857,584
2016 Estimate:	
Telephone Utilities	\$2,832,012
Cellular Telephone Utilities	<u>4,008,610</u>
Total 2016 Telephone Utility Tax	\$6,840,622

Each 0.1 percent of the telephone utility tax rate generates approximately \$120,000 in 2015 and \$122,000 in 2016 of telephone utility tax revenue.

Television Cable Franchise Fee

Maximum Rate:	5.0 percent
Current Rate:	4.8 percent
2015 Estimate:	\$1,862,871
2016 Estimate:	\$1,925,071

Television Cable Franchise Fees are levied on cable television companies operating in the City. Each 0.1 percent of the television cable fee generates approximately \$37,000 in 2015 and \$39,000 in 2016 of television cable franchise revenue. In previous budgets, the cable franchise fees was included in a Franchise Fund, but there is no longer a need to deposit those funds into a separate fund any longer so they will be included in the General Fund for this Biennium.

Utility Tax Watch Areas

The various utilities that make up the Utility Tax revenue are growing at rates ranging from 0 percent to 6.5 percent in 2015 and 0 percent to 5.0 percent in 2016. The biggest tax revenue generating utilities are Electric, Cell Phone and Water. Electric tax collections have been virtually flat the last three years despite the improving economy and the slight annual increase in electric rates. Cell Phone Utility Tax is expected to remain essentially flat throughout the forecast period due to the changing billing structure that reduces the taxable voice component and increases the untaxable data component of the bill. The Water Utility is increasing at the highest rate at 6.5 percent in 2015 and nearly 5.0 percent in 2016 due to increases in water service fees. With the exception of City owned utilities, tax collections from utility taxes has been particularly weak in the last few years. Prior to the Great Recession, electric and natural gas had been increasing at consistently above inflation. When all utilities are accounted for, the group growth rate is 1.1 percent in 2015 and 1.6 percent in 2016.

Legislation: State and Federal legislation can have an effect on tax revenues as services/products may be determined taxable or not taxable. Often the timing of new legislation does not coincide with budget development and impacts are difficult to estimate. The Forecast attempts to incorporate the projected impact of new legislation when materiality warrants.

Other Factors: Utility tax revenues can be affected by uncontrollable variables, such as the economy, weather, market saturation, or new technology. While the Forecast incorporates market trends and historical experience into projections, impact of these variables is not always predictable.

6. Select Other Tax Information

Accommodations (Hotel/Motel) Tax

Accommodations Taxes are committed to the Bellevue Convention Center Authority (BCCA), a public development authority created by the City Council on December 4, 1989.

Maximum Rate:	5.0 percent
Current Rate:	5.0 percent
2015 Estimate:	\$10,349,000
2016 Estimate:	\$10,815,500

Accommodations Tax proceeds are used first to pay Convention Center related debt. Collections in excess of debt requirements are transferred to the BCCA to support operations. The accommodations tax may be used only for tourism facilities and tourism promotion purposes. Each 0.1 percent of the tax generates approximately \$163,000 in 2015 and \$175,000 in 2016.

Motor Vehicle Fuel Tax

2015 Estimate:	\$2,741,330
2016 Estimate:	\$2,764,363

Motor Vehicle Fuel Tax is levied on each gallon of motor vehicle fuel sold and distributed to cities and counties. City distribution is on a per-capita basis.

Admissions Tax

Maximum Rate:	5.0 percent
Current Rate:	3.0 percent
2015 Estimate:	\$500,000
2016 Estimate:	\$500,000

Admissions Taxes are levied on persons who pay an admission charge for entrance to an event or establishment. It is collected for the City by the business charging the admission for entrance to theaters, amusement parks, and swimming pools, among

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others. Each 0.1 percent of the Admissions Tax rate generates approximately \$17,000 in 2015 and \$17,000 in 2016 of revenue.

Gambling Tax - Amusement & Games

Maximum Rate:	2 percent - 5 percent
Current Rate:	2 percent - 5 percent
2015 Estimate:	\$12,837
2016 Estimate:	\$13,129

Gambling Tax on amusement games, bingo, and raffle activities. State law provides that the City must first use these proceeds to pay for enforcement activities.

Gambling Tax – Punchboards & Pull Tabs

Maximum Rate:	5.0 percent
Current Rate:	5.0 percent
2015 Estimate:	\$128,378
2016 Estimate:	\$131,290

Gambling Tax on punch board and pull tab activities. These are reserved for the purpose of providing youth facilities to the extent that funds from this tax are not first required to enforce gambling laws as required by State law.

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Figure 7a-4
Property Valuation & Tax Levy Information
1990 through 2016

This figure displays historical property tax information for comparison purposes. Official property tax records are maintained by the King County Assessor's Office. Property owners are taxed on 100 percent of the fair market value of their property.

Year	Regular Levy Assessed Valuation (\$ in millions)	percent Change from Prior Year	Regular Property Tax Levy (\$ in thousands)	percent Change from Prior Year	Tax Rate per \$1,000 Assessed Valuation		
					Voted Levy	Regular Levy	Total Property Tax Rate
1990	6,610	2.4%	14,556	8.6%	0.53	2.20	2.73
1991	9,065	37.1%	16,113	10.7%	0.31	1.76	2.07
1992	9,238	1.9%	17,143	6.4%	0.29	1.85	2.14
1993	9,958	7.8%	18,414	7.4%	0.26	1.85	2.11
1994	10,249	2.9%	20,422	10.9%	0.20	1.99	2.19
1995	10,701	4.4%	19,492	-4.6%	0.35	1.82	2.17
1996	10,876	1.6%	19,861	1.9%	0.35	1.83	2.18
1997	11,308	4.0%	21,026	5.9%	0.34	1.86	2.20
1998	12,115	7.1%	21,246	1.0%	0.32	1.75	2.07
1999	13,652	12.7%	21,685	2.1%	0.24	1.59	1.83
2000	14,981	9.7%	22,497	3.7%	0.21	1.50	1.71
2001	17,605	17.5%	23,489	4.4%	0.14	1.34	1.48
2002	19,705	11.9%	24,859	5.8%	0.13	1.26	1.39
2003	20,696	5.0%	25,214	1.4%	0.13	1.22	1.35
2004	21,212	2.5%	25,572	1.4%	0.13	1.21	1.34
2005	22,214	4.7%	25,814	0.9%	0.07	1.16	1.23
2006	23,957	7.8%	26,264	1.7%	0.06	1.10	1.16
2007	26,612	11.1%	27,638	5.2%	0.05	1.04	1.09
2008	31,396	18.0%	28,904	4.6%	0.00	0.92	0.92
2009	37,627	19.8%	31,201	7.9%	0.11	0.83	0.94
2010	34,103	-9.4%	32,011	2.6%	0.12	0.94	1.06
2011	32,079	-5.9%	32,583	1.8%	0.13	1.02	1.14
2013	33,492	8.1%	34,359	4.3%	0.12	1.05	1.18
2014	36,046	7.6%	34,679	0.9%	0.11	0.96	1.07
2015*	37,433	3.8%	36,860	6.3%	0.11	0.90	1.10
2016*	38,605	3.1%	37,411	1.5%	0.10	0.89	1.07

Notes: 2008 Regular Property Tax Levy reflects retirement of 2003 Unlimited Tax General Obligation bonds.

2009⁺ Regular Property Tax Levy does not include the Parks & Natural Areas Voted Levy.

*Estimates Assume the use of 5% of banked capacity in 2015 and estimated new construction

Resource Summary

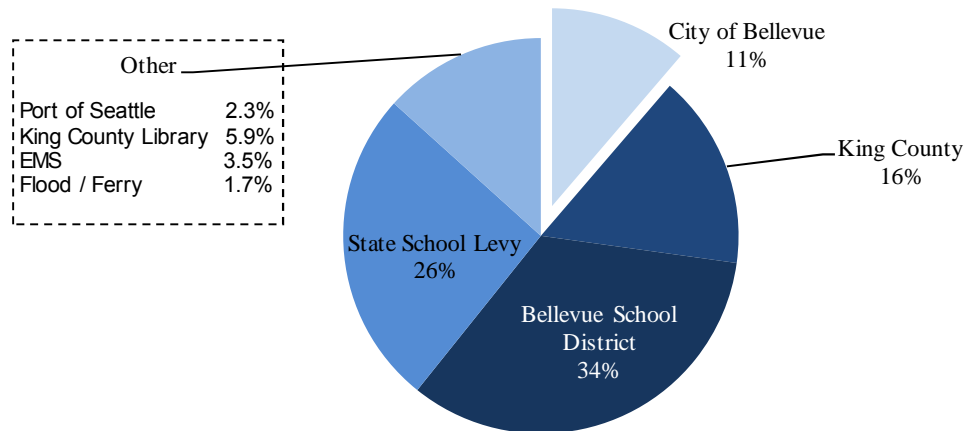
Figure 7a-5

Property Taxes

Typical Distribution of Property Tax Dollars

This figure illustrates the Property Tax distribution for a typical Bellevue taxpayer in 2014. As shown in the pie chart, Bellevue's Property Tax Levies make up only 11 percent of a property owner's tax bill. The largest components are the State School Levy and the Bellevue School District Levy which together comprise 60 percent of the typical taxpayer's property tax obligation.

Official property tax records are maintained by the King County Assessor's Office.



The following table displays the 2015 property tax bills for hypothetical low-, medium-, and high-assessed value (AV) homes.

	2014 Rate/\$1,000 of AV	Low AV = \$200,000	Medium AV = \$500,000	High AV = \$1,000,000
Emergency Medical Services	\$0.34	\$67	\$168	\$335
Port of Seattle	0.22	43	107	212
Flood / Ferry Levy	0.16	31	78	154
King County Library	0.56	112	279	559
City of Bellevue	1.07	215	538	1,077
King County	1.52	303	759	1,517
Bellevue School District	3.19	639	1,598	3,197
State School Levy	2.47	494	1,236	2,472
Total	\$9.52	\$1,905	\$4,762	\$9,524

2014 is used as the comparison year because 2015 levy rates for outside jurisdictions are not known at this point

Note: Columns/graph may not foot due to rounding